

**House Energy and Commerce Committee
Subcommittee on Environment and Economy
United States House of Representatives**

**Hearing on
H.R. 4345, The Domestic Fuels Protection Act of 2012**

Testimony of

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Good morning, Chairman Shimkus, Ranking Member Green, and Members of the Subcommittee. My name is Bob Dinneen and I am president and CEO of the Renewable Fuels Association (RFA), the national trade association representing the U.S. ethanol industry.

The RFA is the leading trade association for America's ethanol industry. Its mission is to advance the development, production, and use of fuel ethanol by strengthening America's ethanol industry and raising awareness about the benefits of renewable fuels. Founded in 1981, RFA's 300-plus producer and associate members are working to help America become cleaner, safer, energy independent and economically secure.

This is a timely and important hearing. Gasoline prices are inching closer to record high levels and consumers are seeing higher oil prices drive up the cost of everything from food to clothing. I am pleased to be here today to discuss how our nation's ethanol industry is already helping to decrease our reliance on foreign oil and keep volatile gasoline prices in check, and how the industry is poised to make even more significant contributions in the future.

Background

The 109th Congress put our nation on a path toward greater energy diversity, enhanced national security, and increased economic activity when it passed the Energy Policy Act of 2005. That visionary and innovative legislation established the first-ever Renewable Fuels Standard (RFS) requiring the use of increasing volumes of domestically produced renewable fuels. Recognizing the early success of that program, the 110th Congress expanded the RFS to 36 billion gallons per year by 2022 when it passed the Energy Independence and Security Act (EISA). The 36 billion gallon RFS would virtually eliminate the need for foreign oil imported from OPEC nations, several of which are hostile to the United States and our way of life. EISA has stimulated unprecedented investment in the U.S. biofuels industry and, as a consequence, the U.S. now leads the world in the production and use of clean, renewable, domestic liquid transportation fuels.

Mr. Chairman and Members of the Committee, simply put, the RFS has worked. It has dramatically reduced our dependence on imported oil, created jobs and economic opportunity across rural America, and reduced gasoline prices at the pump.

Consider these facts. In 2005, when the RFS was adopted, the United States imported more than 60% of our crude oil and petroleum products. Today, in large part because of the RFS, we are just 45% dependent on crude oil imports. It is necessary to underscore that while increased domestic oil production and improved efficiency have played a part in that success as well, 81% of new motor fuel production from U.S. sources since 2005 has been ethanol. In other words, on a cumulative basis, ethanol has accounted for 8 out of every 10 new barrels of U.S.-produced liquid fuel since the RFS was first enacted in 2005. It is the RFS and U.S. produced ethanol, now the lowest cost motor fuel in the world, that has driven our nation toward a more secure energy future.

As the U.S. ethanol industry has grown, so too has the economic footprint it creates. In 2011, the 14 billion gallons of ethanol produced in this country supported more than 400,000 jobs, added \$42 billion to GDP and added \$30 billion to household income. This economic activity has revitalized rural communities all across the country, and has been one of the few bright spots in an otherwise dismal economy over the past several years.

Perhaps most importantly as consumers continue to face skyrocketing gasoline prices at the pump is that ethanol is LOWERING the price consumers pay for gasoline. There are two major factors. First, a gallon of ethanol is approximately \$1 less expensive than a gallon of gasoline today, so when added at 10% volume, ethanol immediately lowers consumer costs by \$0.10 per gallon, and obviously more when E15 is available. Moreover, because ethanol now represents 10% of the nation's gasoline supply, it is greatly reducing the amount of oil we import, which eases demand and lowers overall crude oil prices. The 14 billion gallons produced last year reduced U.S. oil imports by more than 480 million barrels. A study completed last year by economists at the University of Wisconsin and Iowa State University concluded that these combined effects lowered consumer gasoline prices by \$0.89 per gallon!

Thus, I can say without hyperbole or reservation that the RFS has been the most successful energy policy this nation has ever implemented. It should be vigorously defended and maintained, and allowed to reach its full potential of 36 billion gallons of clean burning, renewable fuel.

The RFS is entering a critical period, however. The volumes of renewable fuel refiners are required to meet can no longer be met by just 10% ethanol. Greater volumes of ethanol and a greater diversity of biofuels and feedstocks will be necessary to meet the increasing volumes required by the RFS. Critically, these fuels will be attempting to enter the marketplace amidst a complicated regulatory structure that favors incumbent technologies and discourages market access. Gasoline marketers deserve the certainty that they will not be penalized for utilizing a new fuel or fuel blend that has been approved for use by the U.S. Environmental Protection Agency (EPA).

H.R. 4345, the Domestic Fuels Protection Act

The Domestic Fuels Protection Act of 2012 supports achievement of the RFS and facilitates the introduction of additional volumes of renewable fuel into the market by assuring that companies and business people don't feel the need to replace perfectly good underground equipment and above-ground dispensing apparatus to market renewable fuels. It also provides assurances to retailers that they won't be subjected to meritless lawsuits when they have abided EPA regulations.

In addressing both Federal and state regulations for new fuels and fuel blends, legacy regulations intended to prevent environmental damage from fossil fuels may not apply nor recognize non fossil fuels. Indeed, the current regulatory structure provides *no* pathway to certify existing equipment for anything other than fossil fuels, even when test data demonstrates its safety. The Domestic Fuels Protection Act allows EPA to create such a process, thereby providing new fuels access to the marketplace without having to expend time and resources on new infrastructure unnecessarily. The bill also bridges a gap between underground storage tanks and the fueling nozzle by providing EPA the authority require compatible equipment to be used for fuel blends and provides sound, technical pathways to determine “fit for purpose” criteria with existing fueling infrastructure.

The Domestic Fuels Protection Act rests on a simple premise: if a new fuel has been approved by EPA, if equipment used by retailers to store and dispense a new fuel meets specifications, and if retailers properly inform customers regarding the approved uses of a new fuel, then retailers, fuel producers, and other stakeholders should not have to be concerned about defending meritless lawsuits. The legislation is narrowly tailored to achieve this goal. It addresses only liability protection and does not alter the RFS or otherwise impact fuels that have been sanctioned by EPA as legal to offer for sale. Importantly, the legislation is *not* a prerequisite to the introduction into commerce of E15, which was approved by EPA after rigorous testing by the U.S. Department of Energy and others and which was recently registered as a legal fuel under the Clean Air Act.

The E15 experience does serve as a notable case study for why this legislation is needed, however. Prior to granting a waiver for the use of E15, EPA reviewed numerous tests demonstrating the efficacy of E15 on vehicles 2001 and newer. Because of the difficulty in testing older vehicles that had already exceeded their useful life, however, the only data on the record regarding older vehicles was an engineering assessment that concluded there would be no emissions, driveability or materials compatibility problems with older vehicles using E15. Thus, without actual test data and out of an abundance of caution, EPA allowed E15 to be used in only 2001 and newer vehicles. Bifurcating the vehicle fleet in this fashion has greatly complicated the commercialization of this new fuel blend. To prevent misfueling, EPA was compelled to create a very complicated labeling, registration, survey and public information program. Still, a retailer could do everything as proscribed by EPA and there could still be misfueling. While the RFA believes strongly there would be little or no consequence of such misfueling in vehicles, RFA also agrees fuel marketers should not be penalized when they have followed the regulatory guidance dictated by EPA. The Domestic Fuels Act provides that protection.

In summary, the RFA supports the Domestic Fuels Protection Act because it is consistent with the goals of promoting energy independence through the increased use of renewable fuels as outlined in the EISA. The Domestic Fuels Protection Act would eliminate technical barriers and speed the introduction of new fuels that can help decrease our nation’s reliance on oil and lower gasoline prices.

Conclusion

The ethanol industry greatly appreciates the continued commitment of the 112th Congress and this Subcommittee to the further development of a robust and dynamic domestic renewable fuels industry. Chairman Shimkus, you have made clear your commitment to the hardworking men and woman across America who are today’s newest energy producers. The RFA looks forward to working with you to further develop and implement sound policies that provide the proper incentives to grow the U.S. ethanol industry.

Thank you.